Closure of Urban Cooperative Banks

1687. SHRI K.B. KRISHNA MURTHY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the panic stricken situation caused by reported closure of Urban Cooperative Banks in Anand, Nadiad (Gujarat) and the Cooperative Bank in Pune (Maharashtra);

(b) whether it is a fact that during the last fortnight more than Rs. 60.00 crore have been withdrawn from these banks by the depositors;

(c) whether the Bank of Punjab is also facing cash liquidity problems as reported in the press; and

(d) whether the Reserve Bank of India is keeping a vigil over the functioning of Urban Cooperative and private banks, after the Madhavpura Bank collapse?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir. However, soon after re-opening of the branches of the affected co-operative banks, the situation was brought under control.

(b) As reported by Reserve Bank of India (RBI), the total amount withdrawn by depositors of the affected cooperative banks in Anand and Pune during the fortnight ended 22 February, 2002 was to the extent of Rs.296.25 crore.

(c) As reported by RBI, Bank of Punjab Ltd. had also faced financial strain resulting on account of certain rumours and rush for premature withdrawal of deposits at some of their branches in the Abohar belt of Punjab and Sriganganagar district of Rajasthan. However, normalcy was restored in all the affected branches by February 9, 2002.

(d) RBI has further strengthened regulatory/supervisory mechanism of urban cooperative banks and private banks. Some of these steps taken include action in areas like operations in call/notice money market, investment in Government and other approved securities, investment of funds and deposit with other

urban cooperative banks, audit committee of boards, off-site surveillance system on urban banks and collecting data on periodic basis, etc.

SBI's India Millennium Deposit

1688. SHRI JIBON ROY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that State Bank of India's net asset dipped to 21 per cent on account of India Millennium Deposit and V.R.S.; and

(b) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) State Bank of India (SBI) has reported that its net profit for the year 2000-2001 was Rs. 1604.25 crore as compared to Rs. 2051.55 crore for 1999-2000, recording a decrease of 21.80 per cent. The decrease was mainly on account of issue expenses in connection with India Millennium Deposit and absorption of a portion of V.R.S. related expenses in its Profit and Loss Account.

World Bank Aid to irrigation projects in A.P.

1689. SHRI YADLAPATI VENKAT RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Andhra Pradesh has sent proposals worth Rs. 8,000 crores to World Bank to take irrigation projects to provide water to 11.60 lakh acres in the State's Telengana region; and

(b) if so, when these proposals were sent and by when a decision is likely to be taken and funds released?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir.

(b) Does not arise.